

## ESTIMATING THE TAX IMPACT OF MILL INCREASES

### For School Ballot Issues

HB179, passed by the 2001 Legislature, requires that ballots for school elections must state the estimated property tax impact of a ballot issue on houses with market values of \$100,000 and \$200,000. OPI's budgeting spreadsheets, available at <http://www.opi.state.mt.us/schoolfinance/budget.html> will also perform these calculations.

This example shows how to calculate the tax impact of a FY2006-07 general fund levy increase of \$6,800 on a house valued at \$100,000 and \$200,000. This example assumes the district is proposing a tax increase from \$35,700 to \$42,500 and that taxable valuation was \$1,008,000 for tax year 2006 and is estimated to be \$1,000,000 for tax year 2005.

1	House with Market Value of:		\$100,000	\$200,000
2	Less: Residential Exemption for Tax Year 2006 -- 32.6% <b>(15-6-222, MCA)</b>		\$ 32,600	\$ 65,200
3	Equals: Market Value after Exemption (line 1 – line 2)		\$ 67,400	\$134,800
4	Times: Assessment Rate <b>(15-6-134, MCA)</b>	3.14% 0.0 314		
5	Equals: Taxable Valuation (line 3 X line 4)		\$2,116.36	\$4,232.72
6	Estimated Mills FY2006-07:			
	FY2006-07 Levy Amt divided by (est. 2006 Tax Valuation X 0.001) \$42,500 divided by (\$1,000,000 X 0.001) =	42.50 mills		
7	Prior Year Actual Mills FY2004-05:			
	FY2005-06 Levy Amt divided by (2005 Taxable Valuation X 0.001) \$35,700 divided by (\$1,008,000 X 0.001) =	35.42 mills		
8	Increase (Decrease) in Mills: (line 6 – line 7)	7.08 mills		
9	Impact of Proposed Tax Increase: (line 8 X line 5 X 0.001)		\$14.98	\$29.97

#### Other requirements of HB179:

- a. New disclosure requirements apply to elections held on or after October 1, 2001.
- b. Disclosure requirements apply to a regular or special school election that proposes to impose or raise a mill levy. An election to adopt a general fund budget that exceeds the Maximum is not subject to this disclosure but instead must use ballot language in **20-9-353, MCA**.
- c. The ballot must include:
  - specific purpose for which the money will be used;
  - specific amount to be raised;
  - approximate number of mills required; and
  - durational limit, if any (i.e., If the law allows one election to levy for a stated number of years, state the number of years. Otherwise, the election applies for one year only.)
- d. The ballot must state the tax impacts for houses valued at \$100,000 and \$200,000 and MAY ALSO state the tax impact for a house of another value.